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RUEHBJ/AMEMBASSY BEIJING 3097
RUEHSK/AMEMBASSY MINSK 0032
RUEHKO/AMEMBASSY TOKYO 2962
RUEHIT/AMCONSUL ISTANBUL 3613
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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000809

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SUBJECT: TURKMENISTAN: LUKASHENKO VISIT FOCUSED ON
STRENGTHENING COMMERCIAL TIES

Classified By: Charge Richard Miles, reasons 1.4 (b) and (d)

11. (C) SUMMARY. President Lukashenko's recent visit to Turkmenistan focused on enhancing bilateral commercial relations. The relationship is particularly important to Belarus, given large Turkmen purchases of Belarus tractors and trucks and the mammoth potash fertilizer project that was just kicked off. According to a Belarusian diplomat, his country has no strategic political objectives in the region. Energy was not a key topic of discussion, and Russia remains Belarus' "big, good friend." It appears that Lukashenko came to Ashgabat primarily to close the potash deal and sell some tractors, and left having accomplished his mission. END SUMMARY.

12. (C) On June 24, Political Officer met with Belarus Embassy Counselor, Denis Timokhin, to discuss the results of President Lukashenko's June 17-19 visit to Turkmenistan. Timokhin said 13 agreements and one contract were signed during the visit. Work on the agreements began in early 2008 and the occasion of the visit provided the impetus to conclude them. He noted that the Turkmenistan Foreign Ministry has a small staff, only one or two people work in the department dealing with international agreements, so they were constantly put off finishing the agreements. Concerning planning for the actual presidential visit, Timokhin said arrangements with the Turkmen side were delayed because everyone was occupied with the opening of the Avaza Tourist Zone. (NOTE: Lukashenko arrived on the day after the Azava festivities concluded. END NOTE.)

13. (C) Commercial ties are the focus of Belarus' relations with Turkmenistan, according to Timokhin. The previous visit by Lukashenko in 2002 was the beginning of "strong relations," at which time Belarus began selling its trucks and tractors to Turkmenistan. There were no particular Soviet-era links between the two republics that carried over into the post-independence period. Timokhin said Lukashenko's latest visit had not been planned far in advance, but that they had been laying the groundwork for a year. He offered the view that, in general, the visit by a head of state is good for overall relations with Turkmenistan, and that following such a visit, it would be

easier to work with government ministries. He suggested that good relations between the presidents "opens doors" throughout the government. Saying that Belarus had no political interest in the region, Timokhin stressed that the main point of the visit was to reinforce the bilateral commercial relationship. The first stage of construction of the potash fertilizer project in Lebap Province, at which the two presidents laid the cornerstone, will last four or five years. Finalizing that deal alone was a major goal of the visit. Timokhin said the project involves "big money," and that it would be the biggest project that Belarus has undertaken with Turkmenistan. It is distinguished from previous deals in that it involves not only trade, but Belarus will be responsible for all aspects of the mining project, including housing and infrastructure. The Belarus enterprise Belgorhimprom has good experience as the largest producer of potash in Europe and one of the three or four largest such companies in the world.

¶4. (C) Timokhin said the project would create a lot of work for his Embassy. The Belarus company will prepare all project designs, but, in light of Turkmen labor law, will be limited to 30 percent foreign staff. The company plans to conduct courses in Belarus to train Turkmen engineers. He remarked that there are currently more than 1,000 Turkmen students studying in Belarus, and that there are sometimes problems because of their low level of Russian language proficiency. Still, the company preferred to do the training in Belarus rather than in Turkmenistan, because it would be too difficult to find qualified teachers. In Belarus, the trainees will also be able to visit potash mining and

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processing facilities for practical training. Although Turkmenistan will become a competitor for Belarus-produced potash fertilizer, Timokhin said the Turkmen were going to go ahead with the project and that it was better to build it than not.

¶5. (C) According to Timokhin, natural gas was not an important topic during the visit. He said Belarus has its own contacts with Gazprom, and if Belarus was going to buy gas in Turkmenistan, it would be difficult to transport it to Belarus. He also noted that Gazprom pays more for Turkmen gas than Belarus pays to Gazprom. Concerning Belarus' interest in gas production in Turkmenistan, Timokhin said foreign companies are only allowed to operate in the Caspian, and Belarus has neither the experience nor the financial resources to pursue offshore production. Timokhin dismissed media analysis that linked Lukashenko's visit to both countries' current disputes with Russia, saying "Russia is (Belarus') big and good friend too." He said the visit was in no way linked to the Turkmen-Russian gas dispute, about which Belarus "has not had so much interest." Planning for the visit began long before the gas dispute arose.

¶6. (C) Turkmenistan and Belarus have an economic cooperation commission, which held its first and only meeting in January ¶2008. They tried to organize a second meeting to take place on the eve of Lukashenko's visit, but it was not possible. Timokhin hoped that a second meeting of the commission, perhaps this fall, could operate at a higher level due to the raft of agreements signed by the presidents, which will give more authority to the officials on the commission to push relevant agencies to deal with issues. He thought the commission mechanism works especially well for Turkmenistan and Belarus because of the predominance of state enterprises in both countries. They have the authority to make concrete decisions, whereas in the U.S. and Western Europe, much relies on private sector willingness to participate.

¶7. (C) COMMENT: Despite media speculation about the timing of Lukashenko's visit, in the midst of both Turkmen and Belarus tensions with Russia, it would appear that the real purpose of the visit, long in preparation, was to cinch the potash project and promote commercial relations. Belarus'

efforts and patience during the past year and a half to put together the package of agreements and lay the groundwork for project appear to have paid off. Timokhin did not hide the importance to the Belarus economy of the potentially billions of dollars involved in the potash project. Now that the deal is closed, Belarus will face whole new levels of bureaucratic and construction challenges as it builds a huge industrial complex in a remote region for its Turkmen customers. END COMMENT.
MILES